



**West Virginia Retiree Health Benefit Trust Fund
and
PEIA Finance Board Meeting**

Thursday June, 27, 2019, 1:00 p.m.

Canaan Valley Room 1041, DEP Building, 601 57th Street, SE
Charleston, WV 25304

Agenda

- Roll Call
- Call to Order
- Approval of Minutes
- Plan Year 2019 Financial Update
- Financial Statements Year-to-Date
- Public Comments
- Old Business
- New Business
- Next Meeting - September 19, 2019

Roll Call

Chairman

Members:

- ☐ Allan McVey-Chairman
- ☐ Lee Diznoff
- ☐ Jason Myers
- ☐ Amanda Meadows
- ☐ Jared Robertson
- ☐ William “Bill” Milam
- ☐ Michael T. Smith
- ☐ Geoff Christian

Approval of Minutes

March 21, 2019

Chairman



Financial Plan Updates

Chris Borcik, Continuing Care Actuaries



West Virginia Public Employee Insurance Agency

	Fiscal Year 2019 (millions)			Fiscal Year 2020 (millions)		
	Jun-19			Jun-19		
	Financial Plan	Update	Change	Financial Plan	Update	Change
<u>Revenue</u>						
Premiums	\$ 744.4	\$ 744.4	\$ (0.0)	\$ 741.4	\$ 741.3	\$ (0.0)
Investment Income	(1.5)	8.9	10.4	10.9	11.4	0.5
Other	36.9	37.1	0.2	15.9	37.1	21.2
Total	\$ 779.8	\$ 790.4	\$ 10.6	\$ 768.2	\$ 789.8	\$ 21.7
<u>Expenses</u>						
Medical Claims	\$ 405.2	\$ 401.7	\$ (3.6)	\$ 440.0	\$ 435.5	\$ (4.5)
Drug Claims	137.1	138.8	1.7	154.9	156.5	1.6
Capitations	46.4	46.6	0.2	49.1	49.4	0.3
Administration & Wellness	16.7	17.0	0.3	20.7	21.4	0.7
WV RHBT Pay Go Premiums	152.2	152.4	0.2	140.0	140.0	-
ACA Expenses	0.3	0.3	-	-	-	-
Other Expenses	2.5	1.7	(0.9)	3.0	3.0	0.0
Total	\$ 760.4	\$ 758.5	\$ (1.9)	\$ 807.8	\$ 805.9	\$ (1.9)
Fiscal Year Results	\$ 19.4	\$ 31.9	\$ 12.5	\$ (39.6)	\$ (16.0)	\$ 23.6
Ending Fund Balance	\$ 214.0	\$ 226.4	\$ 12.5	\$ 174.3	\$ 210.4	\$ 36.1
Required Reserve	\$ 117.2	\$ 116.1	\$ (1.0)	\$ 126.1	\$ 124.4	\$ (1.7)
Surplus/(Shortfall)	\$ 96.8	\$ 110.3	\$ 13.5	\$ 48.3	\$ 86.0	\$ 37.8

*The annual Medical Trend through May was 6.7%, while the plan assumption was 7.5%

*The annual Gross Drug Trend through May was 15.2%, while the plan assumption was 11.5%

West Virginia Retiree Health Benefit Trust

	Fiscal Year 2019 (millions)			Fiscal Year 2020 (millions)		
	Jun-19			Jun-19		
	Financial Plan	Update	Change	Financial Plan	Update	Change
<u>Revenue</u>						
Premiums	\$ 241.2	\$ 241.3	\$ 0.2	\$ 231.1	\$ 227.4	\$ (3.6)
Annual Required Contributions	0.0	-	(0.0)	-	-	-
Life Insurance	23.7	23.8	0.1	24.9	25.0	0.1
Investment Income	(5.8)	41.3	47.1	61.3	64.4	3.1
Transfer from Premium Stabilization Reserve	-	-	-	-	-	-
General Revenue Transfer	35.0	35.0	-	35.0	35.0	-
Total	\$ 294.0	\$ 341.4	\$ 47.4	\$ 352.3	\$ 351.9	\$ (0.4)
<u>Expenses</u>						
Medical Claims	\$ 63.9	\$ 58.7	\$ (5.2)	\$ 68.5	\$ 60.5	\$ (8.0)
Drug Claims	27.0	27.8	0.9	30.2	29.2	(1.0)
Capitations	124.7	124.7	(0.0)	114.0	114.2	0.2
Administration	4.7	4.4	(0.3)	5.3	5.0	(0.3)
Life Insurance	23.7	23.8	0.0	24.9	24.9	0.0
Retiree Assistance Program	1.8	1.9	0.1	1.9	2.0	0.1
ACA Expenses	0.0	0.0	-	-	-	-
Other Expenses	0.2	0.1	(0.1)	0.3	0.2	(0.0)
Total	\$ 246.0	\$ 241.4	\$ (4.6)	\$ 245.1	\$ 236.2	\$ (8.9)
Fiscal Year Results	\$ 48.0	\$ 100.0	\$ 52.0	\$ 107.2	\$ 115.7	\$ 8.5
Ending Fund Balance	\$ 973.0	\$ 1,025.0	\$ 52.0	\$ 1,080.3	\$ 1,140.7	\$ 60.5

*The annual Non-Med Medical Trend through May was 4.9%, while the plan assumption was 7.5%

*The annual Non-Med Gross Drug Trend through May was 18.8%, while the plan assumption was 11.5%

Financial Statements Year-to-Date

- Financial Statements

By: Jason Haught, CFO, PEIA

West Virginia Public Employees Insurance Agency

Statement of Net Position

Tuesday, April 30, 2019

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$13,621	\$11,953	\$1,668	14%
Equity position in internal investment pool	12,084	34,940	(22,856)	(65%)
Premiums receivable:				
Other, less allowance for doubtful accounts	7,219	9,674	(2,455)	(25%)
Due From RHBT	4,973	9,912	(4,939)	(50%)
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts	472	1,653	(1,181)	(71%)
Prescription rebates	19,200	14,605	4,595	31%
Other	23,634	3,696	19,938	539%
Total current assets	81,203	86,433	(5,230)	(6%)
Noncurrent assets:				
Equity position in internal investment pools	237,086	199,279	37,807	19%
Equity position in internal investment pool – restricted	11,344	16,777	(5,433)	(32%)
Capital assets, net of accumulated depreciation	148	207	(59)	(29%)
Total noncurrent assets	248,578	216,263	32,315	15%
Total assets	329,781	302,696	27,085	9%
Deferred Outflows of Resources Related to Pensions & OPEB	562	575	(13)	(2%)
Liabilities				
Current liabilities:				
IBNR	54,160	52,420	1,740	3%
Current claims payable	6,326	17,737	(11,411)	(64%)
Accounts payable	4,769	4,494	275	6%
Unearned revenue	10,245	7,741	2,504	32%
Other accrued liabilities	2,320	1,996	324	16%
Total current liabilities	77,820	84,388	(6,568)	(8%)
Noncurrent liabilities:				
Other Liabilities	1,151	1,973	(822)	(42%)
Other accrued liabilities: Premium stabilization fund	9,367	14,838	(5,471)	(37%)
Total liabilities	88,338	101,199	(12,861)	(13%)
Deferred Inflows of Resources Related to Pensions & OPEB	577	44	533	1,211%
Net position				
Invested in capital assets	148	207	(59)	(29%)
Actuarially Required Reserve	116,443	115,760	683	(0%)
PEIA PSR, Unrestricted	124,834	86,261	38,573	0%
Total net position	241,425	202,028	39,397	20%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Ten Months Ending Tuesday, April 30, 2019
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$307,143	\$318,780	\$312,220	Health Insurance - State Gov. - Employers	(\$11,637)	(4%)	(\$5,077)	(2%)
102,231	105,910	105,806	Health Insurance - State Gov. - Employees	(3,679)	(3%)	(3,575)	(3%)
82,802	81,302	83,429	Health Insurance - Local Gov. - All	1,500	2%	(627)	(1%)
3,921	3,769	4,233	Administrative Fees, Net of Refunds	152	4%	(312)	(7%)
1,182	1,856	2,012	Other Premium Revenue	(674)	(36%)	(830)	(41%)
497,279	511,617	507,700	Total Operating Revenue	(14,338)	(3%)	(10,421)	(2%)
NON-OPERATING REVENUE							
1,133	1,079	1,117	Life Insurance	54	5%	16	1%
25,833	25,833	8,333	Direct Transfer	0	0%	17,500	210%
8,898	3,672	7,877	Interest and Investment Income	5,226	142%	1,021	13%
126,971	128,333	124,113	WV RHBT Pay Go Premiums	(1,362)	(1%)	2,858	2%
162,835	158,917	141,440	Total Non-Operating Revenue	3,918	2%	21,395	15%
660,114	670,534	649,140	TOTAL REVENUE	(10,420)	(2%)	10,974	2%
EXPENSES							
319,406	325,030	312,141	Claims Expense - Medical	5,624	2%	(7,265)	(2%)
112,578	151,587	108,961	Claims Expense - Drugs	39,009	26%	(3,617)	(3%)
38,835	38,135	36,016	Payments to Managed Care Org.	(700)	(2%)	(2,819)	(8%)
9,776	9,582	9,306	Administrative Service Fees	(194)	(2%)	(470)	(5%)
301	871	389	Wellness and Disease Management	570	65%	88	23%
4,087	4,090	3,931	Other Operating Expenses	3	0%	(156)	(4%)
1,022	903	1,032	Life Insurance Expense	(119)	(13%)	10	1%
267	267	269	ACA Comparative Effectiveness Fee	0	0%	2	1%
126,971	128,333	124,113	WV RHBT Pay Go Premiums	1,362	1%	(2,858)	(2%)
613,243	658,798	596,158	TOTAL EXPENSES	45,555	7%	(17,085)	(3%)
46,871	11,736	52,982	YTD Surplus (Deficit)	35,135	299%	(6,111)	(17%)
194,554	194,554	149,046	Total Net Position, Beginning of Period	0	0%	45,508	31%
116,443		115,760	End of Period Net Position, Actuarially Required Reserve	0	0%	683	0%
124,982		86,268	End of Period Net Position, PEIA PSR	0	0%	38,714	0%
\$241,425	\$206,290	\$202,028	Total Net Position, End of Period	\$35,135	17%	\$39,397	20%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Tuesday, April 30, 2019
In Thousands

	CURRENT YR	PRIOR YR	\$	VARIANCE %
ASSETS				
Cash - Operating Fund	\$12,076	\$6,138	\$5,938	97%
INVESTMENTS				
WV Board of Treasury Investments	84,802	60,744	24,058	40%
WV Investment Management Board	983,759	897,516	86,243	10%
Total Investments	1,068,561	958,260	110,301	12%
Due From / (To) WV PEIA	(4,975)	(9,911)	4,936	(50%)
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	2,623	2,794	(171)	6%
Less: Allowance for Doubtful Accounts	(468)	(104)	(364)	350%
Net - Premium Accounts Receivable	2,155	2,690	(535)	(20%)
Premium A/R - Annual Required Contributions	-	2,216,481	(2,216,481)	(100%)
Less: Allowance for Doubtful Accounts	-	(2,216,481)	2,216,481	(100%)
Net Premium A/R - ARC	-	-	-	0%
Other Receivables	(153)	(1,745)	1,592	(91%)
TOTAL ASSETS	1,077,664	955,432	122,232	13%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	269	339	(70)	(21%)
Deferred Outflows of Resources Related to OPEB	34	-	34	100%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	303	339	(36)	(11%)
LIABILITIES				
Claims payable	8,120	8,650	(530)	(6%)
Accounts payable	26	48	(22)	(46%)
Accrued Liabilities	12,808	16,088	(3,280)	(20%)
TOTAL LIABILITIES	20,954	24,786	(3,832)	(15%)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	239	25	214	856%
Deferred Inflows of Resources Related to OPEB	77	-	77	100%
TOTAL DEFERRED INFLOWS OF RESOURCES	316	25	291	1,164%
Net Position- PSR	38,107	-	38,107	100%
Net Position- Restricted	1,018,590	930,960	87,630	9%
NET POSITION RESTRICTED				
FOR POST EMPLOYMENT BENEFITS	\$1,056,697	\$930,960	\$125,737	14%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Ten Months Ending Tuesday, April 30, 2019
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
ADDITIONS							
Employer Premiums:							
\$2,504	\$2,493	\$2,571	Health premiums - Non Par	\$11	0%	(\$67)	(3%)
13,010	13,217	14,573	Health Premiums - RLC Health, Life	(207)	(2%)	(1,563)	(11%)
126,971	128,333	124,113	Pay Go Premiums	(1,362)	(1%)	2,858	2%
25,000	25,000	25,000	State appropriation - OPEB	-	0%	-	0%
4,167	4,167	4,167	State appropriation - Premium	-	0%	-	0%
171,652	173,210	170,424	Total Employer Premiums	(1,558)	(1%)	1,228	1%
Other Additions:							
1,209	1,000	1,000	Retiree Drug Subsidy	209	21%	209	21%
41,305	48,092	67,553	Investment Income	(6,787)	(14%)	(26,248)	(39%)
214,166	222,302	238,977	TOTAL ADDITIONS	(8,136)	(4%)	(24,811)	(10%)
DEDUCTIONS							
105,840	125,251	116,072	Payments to Managed Care Org.	19,411	15%	10,232	9%
19,792	20,322	19,347	Life Insurance Expense	530	3%	(445)	(2%)
43,253	51,930	45,032	Medical Claims Expense	8,677	17%	1,779	4%
23,670	24,534	23,361	Pharmacy Claims Expense	864	4%	(309)	(1%)
27	27	27	Comparative Effectiveness Research Fee	-	0%	-	0%
1,212	1,185	1,166	Administrative Service Fees (External)	(27)	(2%)	(46)	(4%)
(55,823)	(58,228)	(55,863)	Member Health premiums	(2,405)	4%	(40)	0%
(19,842)	(20,632)	(19,331)	Member Life Insurance Premiums	(790)	4%	511	(3%)
2,455	2,443	2,117	Other Operating Expenses	(12)	(0%)	(338)	(16%)
120,584	146,832	131,928	TOTAL DEDUCTIONS	26,248	18%	11,344	9%
93,582	75,470	107,049	NET POSITION INCREASE	18,112	24%	(13,467)	(13%)
Net Position Restricted for Post Employment Benefits							
963,115	963,115	823,911	Beginning of Period Total Net Position	-	0%	139,204	17%
1,018,590	1,000,478	930,960	End of Period Net Position - Restricted	18,112	2%	87,630	9%
38,107	38,107	-	End of Period Net Position - PSR	-	0%	38,107	100%
\$1,056,697	\$1,038,585	\$930,960	End of Period Total Net Position	\$18,112	2%	\$125,737	14%

Public Comment

Chairman



Old Business

New Business

Schedule Next Meeting

Chairman

September 19, 2019

Adjourn

Chairman



If you want to request a copy of today's meeting materials, please contact:

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